

LOWENSTEIN SANDLER PC

Michael S. Etkin, (ME 0570)
Ira M. Levee (IL 9958)
1251 Avenue of the Americas, 18th Floor
New York, New York 10020
(212) 262-6700 (Telephone)
(212) 262-7402 (Facsimile)
and
65 Livingston Avenue
Roseland, New Jersey 07068
(973) 597-2500 (Telephone)
(973) 597-2481 (Facsimile)

Hearing Date: July 19, 2006 at 10:00 a.m.

Objection Deadline: July 12, 2006 at 4:00 p.m.

Bankruptcy Counsel to Lead Plaintiffs and the Prospective Class

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:	:	
DELPHI CORPORATION, et al.,	:	Chapter 11
	:	
Debtors.	:	Case No. 05-44481 (RDD)
	:	
	:	(Jointly Administered)
	:	

**LEAD PLAINTIFFS' RESPONSE IN CONNECTION WITH
DEBTORS' SUPPLEMENT TO MOTION FOR ORDER UNDER §§
105 AND 363 AUTHORIZING DEBTORS TO IMPLEMENT A KEY
EMPLOYEE COMPENSATION PROGRAM SO AS TO (A) FIX
SECOND HALF 2006 AIP TARGETS AND CONTINUE AIP
PROGRAM AND (B) FURTHER ADJOURN KECP EMERGENCE
INCENTIVE PROGRAM HEARING**

**TO THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE**

The Teachers' Retirement System Of Oklahoma, the Public Employees'
Retirement System Of Mississippi, Raiffeisen Kapitalanlage-Gesellschaft m.b.H. and
Stichting Pensioenfonds ABP (collectively, "Lead Plaintiffs"), the Court-appointed Lead
Plaintiffs in the consolidated securities class action entitled *In re Delphi Corp. Securities*

Litigation, Master File No. 05 MD 1725 (E.D. Mich.)(Rosen, J.), hereby respond to the supplement to the motion by Delphi Corporation (“Delphi”) and its affiliated debtors (collectively, the “Debtors”) for an Order under 11 U.S.C. §§ 105(a) and 363(b)(1) authorizing the Debtors to implement a key employee compensation program (the “KECP”) so as to (A) Fix Second Half 2006 AIP Targets and Continue AIP Program and (B) Further Adjourn KECP Emergence Incentive Program Hearing (the motion is hereinafter referred to as the “Supplemental KECP Motion”). In connection with the Supplemental KECP Motion, Lead Plaintiffs state as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

STATEMENT OF LEAD PLAINTIFFS

2. As this Court is well aware, the Debtors’ initial KECP Motion was heavily contested and litigated and decided after significant discovery and a lengthy evidentiary hearing. As part of the Order dated February 17, 2006 (the “AIP Order”) ultimately approving the Debtors’ initial KECP, the Debtors agreed to certain prophylactic measures and the Court requested certain additional prophylactic measures all designed to prevent any executives from benefiting from the KECP who were involved in any wrongdoing and/or did not act in the best interest of the Debtors. These prophylactic measures are set forth in paragraph 10 of the AIP Order.

3. Lead Plaintiffs expect that those prophylactic measures will continue to be in full force and effect in connection with any order approving the Supplemental KECP

Motion. However, in an abundance of caution, Lead Plaintiffs submit this response to insure that the prophylactic measures set forth in the AIP Order approving the initial KECP are equally applicable to the relief sought in the Supplemental KECP Motion and are set forth in any order approving the Supplemental KECP Motion.

4. In addition, the Debtors now seek authority to continue the AIP in six (6) month increments following December 31, 2006 without further order of this Court so long as the Debtors and the Creditors' Committee reach agreement. (*See* Supplemental KECP Motion, paragraph 10). Given the issues created by the initial KECP Motion and the positions taken by significant constituencies in this Chapter 11 proceeding other than the Creditors' Committee, Lead Plaintiffs maintain that any further extension, supplement or modification of the KECP or AIP should be on notice to all creditors and interest holders and subject to further order of this Court. There are many changes that can occur to the landscape of this case that may impact any supplemental or continued KECP or AIP beyond December 31, 2006, and creditors and interest holders should have the opportunity to weigh in on these issues before this Court.

5. In sum, so long as the prophylactic measures set forth in the AIP Order remain in full force and effect with respect to any supplemental or continued KECP or AIP, and so long as future supplements, modifications or continuances of the KECP or AIP are subject to further order of this Court, Lead Plaintiffs have no objection to the Supplemental KECP Motion.

WHEREFORE, Lead Plaintiffs respectfully request that this Court grant the Supplemental KECP Motion subject to the conditions set forth in the preceding paragraph 5 of this Response.

Dated: July 12, 2006

Respectfully submitted,

LOWENSTEIN SANDLER PC

By: /s/ Michael S. Etkin
Michael S. Etkin, Esq. (ME 0570)
Ira M. Levee, Esq. (IL 9958)
1251 Avenue of the Americas, 18th Floor
New York, New York 10019
(212) 262-6700 (Telephone)
(212) 262-7402 (Facsimile)
and
65 Livingston Avenue
Roseland, New Jersey 07068
(973) 597-2500 (Telephone)
(973) 597-2481 (Facsimile)

*Bankruptcy Counsel for Lead Plaintiffs and
the Putative Class*

NIX, PATTERSON & ROACH, L.L.P.

Jeffrey J. Angelovich
Bradley E. Beckworth
Susan Whatley
205 Linda Drive
Daingerfield, Texas 75638
Telephone: (903) 645-7333
Facsimile: (903) 645-4415

**BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP**

John P. Coffey (JC-3832)
Hannah E. Greenwald (HG-5180)
1285 Avenue of the Americas
New York, NY 10019
Telephone: (212) 554-1400
Facsimile: (212) 554-1444

GRANT & EISENHOFER, P.A.

Jay W. Eisenhofer (JE-5503)
45 Rockefeller Center
650 Fifth Avenue
New York, NY 10111
Telephone: (212) 755-6501
Facsimile: (212) 755-6503

-and-

Geoffrey C. Jarvis
Sharan Nirmul
1201 North Market Street, Suite 2100
Wilmington, DE 19801
Telephone: (302) 622-7000
Facsimile: (302) 622-7100

SCHIFFRIN & BARROWAY, L.L.P.

Michael Yarnoff
Sean M. Handler
Jodi Murland
Benjamin J. Hinerfeld
280 King of Prussia Road
Radnor, PA 19087
Telephone: (610) 667-7056
Facsimile: (610) 667-7706

*Co-Lead Counsel for Lead Plaintiffs and the
Putative Class*